

**LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, JULY 20, 2005**

C-1 CALL TO ORDER / ROLL CALL

The City Council Closed Session meeting of July 20, 2005, was called to order by Mayor Beckman at 6:00 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, Deputy City Attorney Magdich, and City Clerk Blackston

C-2 ANNOUNCEMENT OF CLOSED SESSION

- a) Conference with Blair King, City Manager (acting labor negotiator), regarding Police Officers Association of Lodi pursuant to Government Code §54957.6
- b) Actual litigation: Government Code §54956.9(a); one case; People of the State of California; and the City of Lodi, California v. M & P Investments, et al.; United States District Court, Eastern District of California, Case No. CIV-S-00-2441 FCD JFM
- c) Actual litigation: Government Code §54956.9(a); one case; Hartford Accident and Indemnity Company, et al. v. City of Lodi, et al., Superior Court, County of San Francisco, Case No. 323658
- d) Conference with legal counsel – anticipated litigation – significant exposure to litigation pursuant to subdivision (b) of Section 54956.9; one case; pursuant to Government Code §54956.9(b)(3)(A) facts, due to not being known to potential plaintiffs, shall not be disclosed
- e) Actual litigation: Government Code §54956.9(a); one case; Fireman's Fund Insurance Company v. City of Lodi, et al., United States District Court, Eastern District of California Case No. CIV-S-98-1489 FCD JFM
- f) Actual litigation: Government Code §54956.9(a); one case; City of Lodi v. Michael C. Donovan, an individual; Envision Law Group, LLP, et al., San Joaquin County Superior Court, Case No. CV025569

C-3 ADJOURN TO CLOSED SESSION

At 6:00 p.m., Mayor Beckman adjourned the meeting to a Closed Session to discuss the above matters.

The Closed Session adjourned at 7:14 p.m.

C-4 RETURN TO OPEN SESSION / DISCLOSURE OF ACTION

At 7:15 p.m., Mayor Beckman reconvened the City Council meeting, and Deputy City Attorney Magdich disclosed that no reportable action was taken in closed session.

A. CALL TO ORDER / ROLL CALL

The Regular City Council meeting of July 20, 2005, was called to order by Mayor Beckman at 7:15 p.m.

Present: Council Members – Hansen, Hitchcock, Johnson, Mounce, and Mayor Beckman

Absent: Council Members – None

Also Present: City Manager King, Deputy City Attorney Magdich, and City Clerk Blackston

B. INVOCATION

The invocation was given by Pastor Marianne Weethee, Heartland Community Church.

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mayor Beckman.

D. AWARDS / PROCLAMATIONS / PRESENTATIONS

D-1 Awards – None

D-2 (a) Mayor Beckman presented a proclamation to Police Chief Jerry Adams and Lodi Crime Prevention Officer Andrea Patterson proclaiming August 2 as "National Night Out 2005" in the City of Lodi.

D-3 (a) Deputy City Clerk Jennifer Perrin stated that throughout Lodi's Centennial year in 2006 City hosted events would be encouraged to incorporate the City's Centennial theme. Outside organizations, businesses, and civic groups would also be invited to include their events in the Centennial celebration. A Centennial Web page will be created to post all information related to the events and activities in 2006. Proposed projects will move forward based on the financial and volunteer support available. Ms. Perrin stated that plans are underway for the City to plant 100 cork oak trees in City parks as part of the 2006 Arbor Day celebration. The City Clerk's Office will host contests for school age children. Kindergarten through sixth grade classes will be invited to attend a session on Lodi's history and tour the Carnegie Forum, after which they can submit art work reflecting what they learned. Winners from each class will receive awards such as a gift certificate from a local business. Students in grades eight to twelve will be encouraged to participate in an essay contest with a theme that will encourage thought on how their generation will affect Lodi's future. For inspiration, cash awards will be offered to the top winners in each age category, which will be presented at a Council meeting. The Clerk's Office has issued a challenge to all City departments to create an activity or event unique to their department and the services they provide. Preliminary discussions have begun regarding the possibility of commissioning a piece of artwork to memorialize Lodi's Centennial year. The Wall Dogs, a group of skilled painters, have agreed to include the City's Centennial logo and theme into mural artwork to be completed Memorial Day weekend 2006 in downtown Lodi. A Citywide open house is also being planned.

Deputy City Clerk Jackie Taylor reported that the City has created an official Centennial Seal for use on letterhead, brochures, and the Web site. Tony Segale, of Segale Fine Art and Gold Leaf Sign Company, has offered to create a unique Centennial logo for outside organizations, businesses, and civic groups to use when promoting Centennial events. A kick-off event and opening ceremony will be held in January 2006, at which Centennial banners will be unveiled in front of City Hall. At the first Council meeting each month in 2006, announcements of upcoming events will be made and birthday cake served in the Carnegie Forum lobby for attendees. On December 6, 2006, the City of Lodi officially turns 100 years (date of incorporation was December 6, 1906). This is the same date as the Council meeting and annual reorganization. The community will be invited to attend a reception, at which a birthday cake with 100 candles will be served. Staff will explore the possibility of selling souvenirs throughout 2006 such as bookmarks, tee shirts, key chains, etc. commemorating Lodi's Centennial. Items will be purchased as funding becomes available. The City Attorney's Office has volunteered to compile recipes from City employees and elected officials for a commemorative Lodi Centennial cookbook.

E. CONSENT CALENDAR

In accordance with the report and recommendation of the City Manager, Council, on motion of Council Member Mounce, Johnson second, unanimously approved the following items hereinafter set forth **except those otherwise noted**:

E-1 Claims were approved in the amount of \$3,385,790.00.

- E-2 The minutes of June 7, 2005 (Shirtsleeve Session), June 7, 2005 (Special Meeting), June 15, 2005 (Regular Meeting), June 28, 2005 (Shirtsleeve Session), and July 5, 2005 (Shirtsleeve Session) were approved as written.
 - E-3 Approved the plans and specifications and authorized advertisement for bids for the Lockeford Street Water Main (Church Street to Sacramento Street) and the Olive Court Water Main Replacement (Pleasant Avenue and Church Street) Project. (NOTE: This project integrates two smaller projects identified separately in the City's Capital Improvement Program that will be bid as one overall project to take advantage of economy of scale.)
 - E-4 Approved the specifications and authorized advertisement for bids for Traffic Signal Preventive Maintenance and Repair Program, Fiscal Year 2005-06.
 - E-5 Adopted Resolution No. 2005-143 awarding the contract for Century Boulevard Roadway Improvements, Lower Sacramento Road to Sage Way, to George Reed Construction, of Lodi, in the amount of \$396,707.15 and appropriated funds in the amount of \$475,000.
 - E-6 Adopted Resolution No. 2005-144 approving the Final Map for the Meadows Townhomes Condominium Project, Tract No. 3421, and directed the City Clerk to sign the map on behalf of the City.
 - E-7 Received notification of Water and Wastewater Main Replacement Program – Project No. 2 Contract Change Order.
 - E-8 “Adopt resolution appropriating additional funds for Change Orders for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane (\$442,780), and authorizing the City Manager to sign amended Measure K Cooperative Agreement” was ***removed from the Consent Calendar and discussed and acted upon following approval of the Consent Calendar.***
 - E-9 Accepted the improvements under the “Lodi Avenue Signal Installation and Interconnect (Mills Avenue to Central Avenue)” contract.
 - E-10 Adopted Resolution No. 2005-145 accepting the improvements at 1366, 1368, 1370, 1374, 1376, and 1378 East Turner Road.
 - E-11 Approved the special fares for Cultural Homestay International use of transit services in accordance with Transit Fare Policy.
 - E-12 Adopted Resolution No. 2005-146 authorizing the City Manager to execute an addendum to the original agreement with NBS Government Finance Group to provide formation and annexation services for 1972 Landscape and Lighting Districts.
 - E-13 Adopted Resolution No. 2005-147 authorizing staff to solicit proposals for a catering service and rental contract for Hutchins Street Square facilities and authorizing the City Manager to award or reject the contract.
 - E-14 Set public hearing for August 3, 2005, to consider appeal from Noorul Akbar regarding requirements of a Notice and Order to Repair for the property located at 511 Alicante Drive (APN 031-200-16).
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ACTION ON ITEM REMOVED FROM THE CONSENT CALENDAR

- E-8 "Adopt resolution appropriating additional funds for Change Orders for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane (\$442,780), and authorizing the City Manager to sign amended Measure K Cooperative Agreement"

At the request of Council Member Hansen, Public Works Director Prima explained that staff is trying to coordinate this project with the County's project to widen Lower Sacramento Road through the Harney Lane intersection and realigning the curve south of that area. The project is being designed so that it can be built in a very short period of time. The road closure had to occur during the middle of the summer, which meant the project had to be bid in late winter. Factors that have changed in the intervening six months were included in this change order, though the timeframe for completion remains unchanged. At the north end of the project near the existing Food for Less store location, Council directed staff in December 2004 to modify the median design to allow a left-turn (southbound to eastbound) into the store driveway. Opposite that area, there were also changes that pertain to the future development on the west side of Lower Sacramento Road. Associated costs are included in this change order request; however, staff anticipates the City being reimbursed from the developer when the property develops. Utility stubs under Lower Sacramento Road were needed for the Century Boulevard extension project, so they were also included in this change order. Right of way negotiations with the property owner had taken place during the spring. Transitions related to DeBenedetti Park were also included in this change order, as were some of the frontage improvements related to the development at the Vintage Oaks project, which will be reimbursed to the City by the developers. Mr. Prima confirmed that the total cost of change orders is covered by Measure K and the funds are available.

MOTION / VOTE:

The City Council, on motion of Council Member Hansen, Hitchcock second, unanimously adopted Resolution No. 2005-148 appropriating additional funds for Change Orders for Lower Sacramento Road Widening Project, Kettleman Lane to Harney Lane, in the amount of \$442,780, and authorizing the City Manager to sign amended Measure K Cooperative Agreement.

F. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

G. COMMENTS BY CITY COUNCIL MEMBERS ON NON-AGENDA ITEMS

- Council Member Hansen commented that he recently participated in an informative and encouraging Lodi marketing meeting with the Chamber of Commerce and other representatives. He asked what the status was on painting the water tower.

Public Works Director Prima reported that the 2005-06 budget includes funds to paint the water tower. Mr. Prima mentioned that he met with Tony Segale regarding the project; however, they have not yet reached an agreement on the design.

- Council Member Mounce mentioned that she received a call from a citizen who had a street lighting problem for an extended period of time and he highly praised the fine work of John Simler of the Electric Utility Department. She encouraged everyone to attend the 14th annual ice cream social at the Hill House that the Historical Society will be hosting as a fundraiser on July 30.
- Council Member Johnson reported that he spoke yesterday with the City Manager, City Attorney, and Finance Director to ask them to review the cable television franchise agreement that is due for renewal in February 2008. He noted that the contract states that, within 36 months prior to the contract expiration, "The City may on its own initiative commence

proceedings which afford the public appropriate notice and participation for the purpose of identifying future cable related community needs and interests and review the performance of the franchisee under the franchise agreement during the current term.” Mr. Johnson recalled that, a week ago, he suggested that discussion take place regarding the possibility of levying fees or raising sales or parcel tax for the purpose of purchasing greenbelt acreage. He noted that the concept of a greenbelt was a very high priority on the community-wide survey (results reported at the City Council meeting of April 21, 2004), with the only higher priority being public safety. He also suggested that Council consider placing a public safety initiative on the November 2006 ballot to free up General Fund monies for other needs in the community.

- Mayor Beckman supported the request to discuss a ballot measure.
- Mayor Pro Tempore Hitchcock commented that the only sales tax increase she would vote favorably on would be for the purchase of a greenbelt. She mentioned that the Greenbelt Task Force is working with LSA consultants on various ideas. In reference to painting the water tower, Ms. Hitchcock reported that she had received negative feedback about painting the name of Lodi on the tower.
- Council Member Hansen supported Mr. Johnson’s request to review the cable television franchise agreement. He stated that all Council Members have received complaints from citizens about the company and the inability to talk in person with a representative. He hoped that the City never again would enter into a 20-year contract for this type of franchise. He also supported Mr. Johnson’s suggestion for Council discussion related to a ballot measure and urged staff and Council Members to keep the election deadlines in focus.

H. COMMENTS BY THE CITY MANAGER ON NON-AGENDA ITEMS

- City Manager King reported that the Delta College Task Force has been conducting productive meetings. Council Members Johnson and Hansen have been speaking at service clubs regarding the importance of a college satellite campus in the Lodi community. Eight applicants have been invited to an interview for the community development director position on August 1. Two panels will interview the applicants, after which background checks will be made and three invited to return for a final interview.

I. PUBLIC HEARINGS

- I-1 Notice thereof having been published according to law, an affidavit of which publication is on file in the office of the City Clerk, Mayor Beckman called for the public hearing to consider the appeal from Yousef Haddad regarding the Planning Commission’s decision of May 25, 2005, to deny his request for a Use Permit to replace seven existing condemned apartment units and a single-family house with seven new units located at 501 East Maple Street.

Interim Community Development Director, Joseph Wood, reported that the property in question was originally constructed in 1925. From 1939 to 1962, it was operated as a tourist motor lodge. Subsequent to that time, the seven units were used as apartments until 1988. Since then, the one single-family unit on the property was occupied by the owners who lived there for 17 years with the seven motor units vacant. The current property owners considered rehabilitating the seven units; however, in order to accommodate current Building Code requirements, it would require that they be torn down to the foundation and rebuilt. Consequently, the owners felt it was more advantageous to demolish all the existing structures on the property and have proposed to build six 1,100 square foot two-story townhouses and one 1,500 square foot unit. The property is zoned R-1 Eastside. The proposal met the Building Code and preliminary planning guidelines. At the Planning Commission public hearing to consider the use permit for the project, public comments were expressed concerning the impact the project would have on the neighborhood, the scale of the project, and the fact that the two-story buildings would abut single-story residences. The applicants were not present at the Commission meeting. The Commission made findings in support of the issues expressed, i.e. that it would adversely impact the surrounding properties due to the scale and density, and they denied the

application for a use permit. The applicants have appealed the Commission's decision. In the interim period, staff facilitated a meeting with the owners of the property and surrounding residents to give them an opportunity to resolve issues; however, they were not able to reach an agreement.

In reply to Mayor Pro Tempore Hitchcock, Deputy City Attorney Magdich confirmed that there was no provision in the Lodi Municipal Code which would designate the units as a non-conforming use, because of the amount of time that they were left vacant.

In answer to Council Member Johnson, Mr. Wood explained that if the property owners decided to only rehabilitate the units, it would not require a use permit. In that instance, they would be limited to the existing footprint of the existing structures. Currently, the units are so small they do not meet the minimum standards of room size and other facilities.

Hearing Opened to the Public

- Yousef Haddad stated that he has owned the property for approximately six months. He wished to build better quality, larger units on the property to attract long-term tenants.
- Michael Ordonia was opposed to the project at the level of seven units. He did not believe the R-1 Eastside zoning was being appropriately applied and that the applicant should be required to build Single-Room Occupant units. He felt that the bulk of the project was so onerous that it would upset the visual continuity of the neighborhood. He also expressed concerns about the number of cars that would be generated, parking on the street, pedestrian safety, and density that would create a nuisance attraction. He noted that the two-story structures would have sight lines onto adjacent single-story residences and there would be light intrusion onto the surrounding dwellings. Mr. Ordonia stated that his mother-in-law is a property owner near the complex. He preferred that a triplex or four-plex be built on the property.
- Crystal Meacham stated that she bought her home 20 years ago, which is in the area of the proposed project. She stated that there is a nearby blind intersection, which will be made worse by this project. She expressed safety concerns for motorists and pedestrians. Sewer lines in the area are already overburdened and this project will worsen the situation.

Public Works Director Prima acknowledged that sewer lines downstream from the area require frequent maintenance.

- Hilda Horning noted that she has lived in Lodi since 1955. She owns a home adjacent to the proposed project and noted the property has been unkempt for some time and hoped improvements would be made soon.
- Rosie Ortiz expressed opposition to the project. Ms. Ortiz reported that she attended the community meeting on June 29 and stated that the applicants had insulted and threatened the residents. She hoped that the structures on the property would be demolished and replaced with a four-plex unit.
- Micheline Nadra stated that, the applicant, Yousef Haddad was her brother-in-law. She did not believe that remodeling the current units was an option, due to the difficulty involved. She pointed out the first plan submitted for the project had eight units; however, this was not acceptable to Community Development so they scaled the project down to seven units. She believed that smaller units would encourage single short-term tenants

Council Member Mounce stated that the eastside of Lodi needs small, affordable senior housing units.

- Eileen St. Yves felt that the current structures should be replaced with like units. She suggested that three single-family units be built on the property. She stated there is not enough sewer or water infrastructure to accommodate the proposed project.
- Dennis Haugan, Planning Commissioner, reported that the Commission had decided that the type of structure being proposed was not conducive to the area. A recommendation made at the public hearing was that three single-family homes be built on the property; however, the owners were not interested in doing so.
- Elizabeth Ordonia stated that her parents have lived in a home near the proposed project for 25 years. For 20 years, the owners of the property did not rent out the smaller units. She expressed concern about the new owner's intention to maintain the property, noting that they have not picked up debris that has been there for an extended period of time. She was surprised to learn from the applicant that no thought had been given to having a property manager and they had not done a survey of the surrounding area. She suggested that three or four units would be an appropriate density for the parcel.
- Yousef Haddad stated that the proposed project includes a set back of ten feet further than where the units are now, which would result in a better view of the corner for motorists and pedestrians. Landscaping and sidewalks have also been included in the project. He offered to take suggestions from neighbors regarding façade materials used so that the structure would match the surrounding area. In answer to Council Member Hansen, Mr. Haddad stated that he would not build a three- or four-plex unit on the property for financial reasons. He noted that a 1,400 square foot single-family residence is on the property now.

Mayor Pro Tempore Hitchcock recalled that eastside zoning was adopted to eliminate future abuse of the neighborhood. Ms. Hitchcock commented that she could appreciate Mr. Haddad wanting to maximize his profit; however, she felt that he had other options.

Public Portion of Hearing Closed

Deputy City Attorney Magdich reported that the findings the Planning Commission made were counter to issuing a use permit for this project. It was the density of the project that resulted in the negative determination by the Commission. It was felt that the project was not complimentary to the neighborhood. She recalled that a Commissioner had expressed concern that the project filled up the parcel.

Mr. Wood reported that the existing property has been a reoccurring nuisance, due to failure to maintain the property and unauthorized persons accessing the vacant units. The City's response to this will be to issue an Order to Abate to either repair or demolish the units. Absent any action on the owner's part to abate the property, the City will pursue demolition to eliminate the nuisance. That would leave an empty parcel with no existing structures and the owners would have to comply with minimum standards of single-family or duplex.

Council Member Mounce encouraged the applicant to remodel the units using the existing footprint.

MOTION:

Council Member Mounce made a motion, Hitchcock second, to adopt Resolution No. 2005-149 upholding the Planning Commission decision of May 25, 2005, to deny the request of Yousef Haddad for a Use Permit to replace seven existing condemned apartment units and a single-family house with seven new units located at 501 East Maple Street.

DISCUSSION:

Mayor Beckman commented that the Council can continue to deny requests for seven units until a lesser unit project is submitted; however, he felt this would be harmful to private property rights and disruptive to the capitalistic society that exists. For this reason he would vote against the motion.

In answer to Council Member Hansen, Deputy City Attorney Magdich confirmed that the proposed project is not counter to zoning requirements. She explained that the Planning Commission had made certain findings in denying the application, so to overrule that decision; Council would need to articulate findings explaining how it reached another conclusion.

Council Member Hansen stated that he would vote in favor of the motion because those who have expressed concerns are also property owners.

VOTE:

The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mounce

Noes: Council Members – Mayor Beckman

Absent: Council Members – None

RECESS

At 10:08 p.m., Mayor Beckman called for a recess, and the City Council meeting reconvened at 10:20 p.m.

J. COMMUNICATIONS

J-1 Claims filed against the City of Lodi – None

J-2 The following postings/appointments were made:

a) The City Council, on motion of Mayor Pro Tempore Hitchcock, Mounce second, unanimously made the following appointment:

Library Board of Trustees

Juan Villarreal Term to expire June 30, 2008

J-3 Miscellaneous

a) City Clerk Blackston presented the cumulative Monthly Protocol Account report through June 30, 2005.

K. REGULAR CALENDAR

K-1 "Comment letter on City of Stockton Notice of Preparation of an Environmental Impact Report for the City of Stockton 2035 General Plan and Infrastructure Master Plan"

City Manager King reported that the city of Stockton issued a Notice of Preparation pursuant to the Public Resources Code, announcing that it is preparing an Environmental Impact Report to accompany its General Plan update and Infrastructure Master Plan. The Notice of Preparation indicates that Stockton will be extending its sphere of influence and Infrastructure Master Plan north to Armstrong Road. Staff has prepared a response and submitted it to Stockton. He reviewed the issues commented on and requests made in the response letter, as were outlined in the staff report (filed).

Council Member Mounce and Mayor Pro Tempore Hitchcock both expressed hope that a permanent greenbelt buffer between Lodi and Stockton would be incorporated into the plan.

In reply to Council Member Hansen, City Attorney Schwabauer confirmed that Stockton has not yet changed its sphere of influence, as it would require approval of LAFCO, which has not yet been made. Mentioning in the Notice of Preparation that the sphere of influence will be extended north to Armstrong Road, "paves the way" for that action, but does not accomplish it.

MOTION/ VOTE:

There was no Council action taken on this matter.

- K-2 "Establish proposed rates and set public hearing on September 21, 2005, to hear protests on resolution adopting water rate increase"

Reed Schmidt, Principal Consultant with Bartle Wells Associates, explained that his firm was tasked with analyzing the Water and Wastewater funds to make recommendations regarding rates needed to pay for the removal of perchloroethylene (PCE) and trichloroethylene (TCE) from the soil and groundwater supply in Lodi. PCE/TCE was determined by the Federal and State Health and Environmental Agencies to be hazardous to public health. The net cost estimate for remediation is \$45.7 million, which includes capital, operating, legal expenses, and settlements due to other parties less the settlements coming back to the City. Also within the \$45.7 million is the payback of past expenditures by the City that total \$12.2 million (this includes \$1.9 million owed to the Sewer Utility). There is a direct benefit to water users from the remediation plan. The sewer utility was not selected to be used because it has existing debt, which requires the City to meet coverage and other covenants that could result in a greater impact upon ratepayers.

Mr. Schmidt explained that three alternatives were considered: 1) pure rate funding – a pay-as-you-go rate basis of paying the remediation costs; 2) modified smooth pay-as-you-go – which would use cash in reserves, plus rate increases, and 3) long-term financing – which would be the use of cash, plus reserves, plus long-term borrowing. Bartle Wells recommended a modified pay-as-you-go alternative, as it would minimize rate increases and long-term costs to the City. In addition, it would result in predictable rates, which provide revenue stability to the water utility. In this scenario, cash from settlements and rate increases will be used, accrued expenses will be repaid, and rate increases will be phased in. It is proposed that on January 1, 2006, the water rate for a three-bedroom home would increase \$3.50, on July 1, 2006, there would be an additional \$3.50 increase, and on July 1, 2007, there would be a third \$3.50 increase. Thereafter, an increase in accordance with the Consumer Price Index (CPI) would be made each July. This evening, Council is being asked to establish proposed water rates, set the public hearing for September 21, and authorize the mailing of a Proposition 218 notice.

In reply to Council Member Hansen, Public Works Director Prima confirmed that the annual CPI rate increase would not automatically go into effect each year. The matter would be considered annually at a public hearing.

Mayor Beckman stated that he did not support the water rate increase proposal because calculated within it is the Low Income Discount program, which he was opposed to.

PUBLIC COMMENTS:

- Dennis Haugan suggested that a sunset clause be added so that the continued need for the water rate increase would be reconsidered and re-justified on a periodic basis. Once the remediation is complete, the rate increase should be discontinued.

Mayor Beckman explained that the money from the rate increase would go into a separate itemized account and the Lodi Finance/Budget Committee would routinely review it. Once the remediation has been completely paid for, the rate increases would end, because there would no longer be a purpose left for the account.

Mr. Haugan pointed out the City has borrowed money from other accounts in the past, such as the infrastructure replacement fund, and used it for other purposes. He feared that the same thing could occur with this new account if a surplus existed and he recommended that restrictions be placed on it to prohibit that from occurring.

At the request of Mayor Pro Tempore Hitchcock, Deputy City Attorney Magdich explained that Proposition 218 requires that a notice be mailed to property owners 45 days prior to the public hearing. In order for the increase not to take effect, a majority of property owners would need to file written protests.

MOTION / VOTE:

The City Council, on motion of Mayor Pro Tempore Hitchcock, Hansen second, established proposed rates and set public hearing for September 21, 2005, to hear protests on resolution adopting water rate increase. The motion carried by the following vote:

Ayes: Council Members – Hansen, Hitchcock, Johnson, and Mounce

Noes: Council Members – Mayor Beckman

Absent: Council Members – None

L. ORDINANCES

None.

M. ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 11:02 p.m.

ATTEST:

Susan J. Blackston
City Clerk